

# Union Calendar No. 566

114<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5523

**[Report No. 114-730, Part I]**

To amend title 31, United States Code, to prohibit the Internal Revenue Service from carrying out seizures relating to a structuring transaction unless the property to be seized derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation, to require notice and a post-seizure hearing for such seizures, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2016

Mr. ROSKAM (for himself and Mr. CROWLEY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

SEPTEMBER 9, 2016

Additional sponsors: Mr. MEEHAN, Mr. HOLDING, Mr. SMITH of Missouri, Mr. REED, Mr. RICE of South Carolina, Mr. MARCHANT, Mr. VAN HOLLEN, Mr. RENACCI, Mr. DANNY K. DAVIS of Illinois, Mr. COLLINS of Georgia, and Mr. HARRIS

SEPTEMBER 9, 2016

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

SEPTEMBER 9, 2016

The Committee on Financial Services discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on June 16, 2016]

# **A BILL**

To amend title 31, United States Code, to prohibit the Internal Revenue Service from carrying out seizures relating to a structuring transaction unless the property to be seized derived from an illegal source or the funds were structured for the purpose of concealing the violation of another criminal law or regulation, to require notice and a post-seizure hearing for such seizures, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Clyde-Hirsch-Sowers*  
5 *RESPECT Act” or the “Restraining Excessive Seizure of*  
6 *Property through the Exploitation of Civil Asset Forfeiture*  
7 *Tools Act”.*

8 **SEC. 2. INTERNAL REVENUE SERVICE SEIZURE REQUIRE-**  
9 **MENTS WITH RESPECT TO STRUCTURING**  
10 **TRANSACTIONS.**

11 *Section 5317(c)(2) of title 31, United States Code, is*  
12 *amended—*

13 *(1) by striking “Any property” and inserting the*  
14 *following:*

15 *“(A) IN GENERAL.—Any property”; and*

16 *(2) by adding at the end the following:*

17 *“(B) INTERNAL REVENUE SERVICE SEIZURE*  
18 *REQUIREMENTS WITH RESPECT TO STRUCTURING*  
19 *TRANSACTIONS.—*

20 *“(i) PROPERTY DERIVED FROM AN IL-*  
21 *LEGAL SOURCE.—Property may only be*  
22 *seized by the Internal Revenue Service pur-*  
23 *suant to subparagraph (A) by reason of a*  
24 *claimed violation of section 5324 if the*  
25 *property to be seized was derived from an*

1           *illegal source or the funds were structured*  
2           *for the purpose of concealing the violation of*  
3           *a criminal law or regulation other than sec-*  
4           *tion 5324.*

5           “(ii) *NOTICE.*—*Not later than 30 days*  
6           *after property is seized by the Internal Rev-*  
7           *enue Service pursuant to subparagraph (A),*  
8           *the Internal Revenue Service shall—*

9                   “(I) *make a good faith effort to*  
10                   *find all persons with an ownership in-*  
11                   *terest in such property; and*

12                   “(II) *provide each such person*  
13                   *with a notice of the person’s rights*  
14                   *under clause (iv).*

15           “(iii) *EXTENSION OF NOTICE UNDER*  
16           *CERTAIN CIRCUMSTANCES.*—*The Internal*  
17           *Revenue Service may apply to a court of*  
18           *competent jurisdiction for one 30-day exten-*  
19           *sion of the notice requirement under clause*  
20           *(ii) if the Internal Revenue Service can es-*  
21           *tablish probable cause of an imminent*  
22           *threat to national security or personal safe-*  
23           *ty necessitating such extension.*

24           “(iv) *POST-SEIZURE HEARING.*—*If a*  
25           *person with a property interest in property*

1           *seized pursuant to subparagraph (A) by the*  
2           *Internal Revenue Service requests a hearing*  
3           *by a court of competent jurisdiction within*  
4           *30 days after the date on which notice is*  
5           *provided under subclause (ii), such property*  
6           *shall be returned unless the court holds an*  
7           *adversarial hearing and finds within 30*  
8           *days of such request (or such longer period*  
9           *as the court may provide, but only on re-*  
10          *quest of an interested party) that there is*  
11          *probable cause to believe that there is a vio-*  
12          *lation of section 5324 involving such prop-*  
13          *erty and probable cause to believe that the*  
14          *property to be seized was derived from an*  
15          *illegal source or the funds were structured*  
16          *for the purpose of concealing the violation of*  
17          *a criminal law or regulation other than sec-*  
18          *tion 5324.”.*

19   **SEC. 3. EXCLUSION OF INTEREST RECEIVED IN ACTION TO**  
20                    **RECOVER PROPERTY SEIZED BY THE INTER-**  
21                    **NAL REVENUE SERVICE BASED ON STRUC-**  
22                    **TURING TRANSACTION.**

23           *(a) IN GENERAL.—Part III of subchapter B of chapter*  
24    *1 of the Internal Revenue Code of 1986 is amended by in-*  
25    *serting before section 140 the following new section:*

1 **“SEC. 139G. INTEREST RECEIVED IN ACTION TO RECOVER**  
2 **PROPERTY SEIZED BY THE INTERNAL REV-**  
3 **ENUE SERVICE BASED ON STRUCTURING**  
4 **TRANSACTION.**

5 *“Gross income shall not include any interest received*  
6 *from the Federal Government in connection with an action*  
7 *to recover property seized by the Internal Revenue Service*  
8 *pursuant to section 5317(c)(2) of title 31, United States*  
9 *Code, by reason of a claimed violation of section 5324 of*  
10 *such title.”.*

11 *(b) CLERICAL AMENDMENT.—The table of sections for*  
12 *part III of subchapter B of chapter 1 of such Code is amend-*  
13 *ed by inserting before the item relating to section 140 the*  
14 *following new item:*

*“Sec. 139G. Interest received in action to recover property seized by the Internal  
Revenue Service based on structuring transaction.”.*

15 *(c) EFFECTIVE DATE.—The amendments made by this*  
16 *section shall apply to interest received on or after the date*  
17 *of the enactment of this Act.*



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